



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/25/2003

GAIN Report Number: MX3033

Mexico

Agricultural Situation

Weekly Highlights & Hot Bites, Issue #16

2003

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Report Highlights:

BORDER CROSSING INFORMATION*NATIONAL AGRICULTURAL PACT STILL BEING DRAFTED*NATIONAL AGRICULTURAL PACT NEGOTIATIONS*25 BILLION PESOS ARE A GOOD SUBSTITUTE TO NAFTA RENEGOTIATIONS*RENEGOTIATION OF NAFTA'S AGRICULTURAL CHAPTER IN THE PACT*USDA BEEFS UP SECURITY ON INTERNATIONAL BORDERS*WTO AGRICULTURAL REFORM AT STALEMATE*FOX'S FISCAL REFORMS FOR THE CAMPO: STRATEGIC & OPPORTUNISTIC*POSSIBLE BACKLASH BY U.S. CONSUMERS?*EXPERTS DISCARD U.S. BAN ON MEXICAN AGRICULTURAL EXPORTS*GOM MONITORS IMPACT OF NEW FDA BIOTERRORISM LAW*MEXICAN BUSINESS LEADERS FEAR POSSIBLE U.S. SANCTIONS*CORPORATE GROUPS STAY CONFIDENT*MEXICAN COMPANIES NOT HAPPY ABOUT FDA BIOTERRORISM LAWS*"COMMERCIAL TRADE MUST REMAIN U.S. PRIORITY"*LACK OF URBANIZATION CREATES MEXICAN EXODUS TO THE U.S.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1],MX

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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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BORDER CROSSING INFORMATION

In order to check accessibility of border crossing points, bridge closures, and hours along the border in Nuevo Laredo, the following websites are available: www.bravo.net and www.globalpc.net. There are a lot of rumors flying around right now about the border being closed, but this website should help clear up some misunderstandings. If you need additional information please refer to the United States Customs website: www.customs.ustreas.gov. (Source: Agricultural Trade Office, Monterrey, 3/20/03)

NATIONAL AGRICULTURAL PACT STILL BEING DRAFTED

A designated group of farming group representatives and government officials will compile a text that highlights the consensus reached during the National Agricultural Discussion Rounds. The group will present the finished document to the federal government who will then incorporate it to the National Agricultural Agreement draft. GOM stated that the process is almost complete, and is ready for final review by the heads of the Secretariats of Finance, Social Development, Agrarian Reform and Environmental Affairs. (Source: *El Financiero*, 3/21/03)

NATIONAL AGRICULTURAL PACT NEGOTIATIONS

On March 19, 2003, farming groups and government officials met to exchange proposals to the National Agricultural Pact. Farmers insisted on the renegotiation of NAFTA's agricultural chapters, while the government proposed to improve NAFTA's benefits through a greater emphasis on side agreements. The two sides will review the proposals and will meet on March 20, 2003 to discuss points of disagreement. (Source: *Reforma, El Universal, La Jornada*, 3/20/03)

25 BILLION PESOS ARE A GOOD SUBSTITUTE TO NAFTA RENEGOTIATIONS

Among a number of proposals made at the National Agricultural Discussions, there are a few which have already been included in the National Agricultural Pact draft, like the proposal to designate 25 billion pesos (\$2.3 USD billion) to a massive rural development campaign aimed at protecting corn (maize) and dry bean crops. Alfonso Ramírez Cuéllar, director for the farming group, El Barzón, stated that if the 25 billion is not included in the final version of the National Agricultural Agreement, then Mexico would have to renegotiate NAFTA's agricultural chapter with Canada and the United States. (Source: *La Jornada*, 3/23/03)

RENEGOTIATION OF NAFTA'S AGRICULTURAL CHAPTER IN THE PACT

On March 24, 2003, a spokesman for the farming group "The Farmland Can't Stand Anymore," affirmed that the National Agricultural Pact draft would be completed by this week. He assured the press that the renegotiation of NAFTA's agricultural chapter would be included in this draft proposal. (Source: *La Jornada*, 3/24/03)

USDA BEEFS UP SECURITY ON INTERNATIONAL BORDERS

The USDA has assigned agricultural inspectors to the Mexico-California border to the four international crossing points (San Ysidro, Otay, Tecate, and Calexico) in order to prevent bioterrorist attacks. Additionally, USDA increased the amount of agricultural inspectors in the 42 international crossing points the United States shares with Mexico. (Source: *La Jornada*, 3/20/03)

WTO AGRICULTURAL REFORM AT STALEMATE

A reprint of a "Financial Times" article claims that a U.S. proposal to reduce agricultural subsidies has been bogged down at the World Trade Organization (WTO). The recent proposal to eliminate subsidies in a two-part phase-out of five and nine years which would cut tariffs from 40 to 60 percent and would reduce 60 percent of agricultural support that distorts trade. The United States, the European Union and Japan have stated their aversion to the proposals, albeit on different points. (Source: *El Universal*, 3/20/03)

FOX'S FISCAL REFORMS FOR THE CAMPO: STRATEGIC & OPPORTUNISTIC

The federal government reportedly proposed that farming groups consider President Fox's call for fiscal reforms in Mexico's support of the rural sector farmland. The document asked farmers to consider the fiscal reform package that Fox submitted to the Mexican Congress in 2001 as a way of financing rural programs. The WTO reportedly offered to analyze trade imbalances between Mexico and the USG within the framework of multilateral agricultural negotiations, in response to a letter written by the National Confederation of Farm Workers (CNC). (Source: *Reforma*, *El Financiero*, *La Jornada*, *Milenio Diario*, 3/20/03)

POSSIBLE BACKLASH BY U.S. CONSUMERS?

The San Diego Chamber of Commerce President, Jessie Knight, Oakland Chamber of Commerce President, Joseph Haraburda, and the Economic Council of the U.S. Department of Treasury, Raul Urteaga, warned that there was a possibility that U.S. consumers could punish Mexico for its lack of support in the attack against Iraq, and they could do so by boycotting Mexican imports. (Source: *Reforma*, 3/20/03)

EXPERTS DISCARD U.S. BAN ON MEXICAN AGRICULTURAL EXPORTS

On March 19, 2003, Juan Carlos Anaya, Director for Market Consultants Group, said it was highly unlikely that the USG would punish food exports to Mexico as a way of reacting to political fallout from Mexico's lack of support for U.S. military action against Iraq. (Source: *El Financiero*, 3/20/03)

GOM MONITORS IMPACT OF NEW FDA BIOTERRORISM LAW

On March 20, 2003, the Secretariats of the Economy and Finance expedited instructions to Mexican customs officials to gage the impact the new FDA Bioterrorism Laws will have on Mexican exporters and to facilitate input on ways the GOM can improve the commercial flow. (Source: *Milenio Diario*, 3/21/03)

MEXICAN BUSINESS LEADERS FEAR POSSIBLE U.S. SANCTIONS

The National Chamber for Industry (CANACINTRA) President, Yeidckol Polevnsky stated that she would initiate conversations with her U.S. counterparts to ensure there will not be unofficial economic sanctions placed on Mexican products. (Source: *Reforma*, 3/21/03)

CORPORATE GROUPS STAY CONFIDENT

Business analyst, Rolando Calderón, said that Mexican exporters to the United States, such as the corporate groups Modelo, Femsas or Bimbo, have nothing to fear against Mexico's stance on the attack on Iraq. Grupo Modelo spokesman, José Pares, stated that business is running as usual and that there are no signs that it will do otherwise. (Source: *Reforma*, 3/21/03)

MEXICAN COMPANIES NOT HAPPY ABOUT FDA BIOTERRORISM LAWS

Mexican companies like Herdez, La Costeña, Del Monte, and Jugos del Valle are in a state of caution over the new Food & Drug Administration (FDA) Bioterrorism Laws. The National Food Industry Council said that the new laws place a higher burden on Mexican exporters that could be harmful to a historically profitable sector within NAFTA. (Source: *Milenio Diario*, 3/24/03)

"COMMERCIAL TRADE MUST REMAIN U.S. PRIORITY"

The President of the Mexican Foreign Trade Council, Carlos Rojas, stated that the United States must give priority to commercial trade at international crossing points. Mr. Rojas also emphasized the importance of maintaining a good neighbor relationship with the United States, and one of mutual understanding to each other's concerns. (Source: *Reforma*, 3/21/03)

LACK OF URBANIZATION CREATES MEXICAN EXODUS TO THE U.S.

Because lack of urbanization has forced many rural sector farm workers to migrate to the United States, the Mexican workforce in the United States, whether legal and illegal, continues to be a major contributor to that country's agricultural sector. (Source: *La Jornada*, 3/23/03)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

Number	Title	Date
MX3032	Hot Bites Issue #15	3/20/03

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